

Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 05759 301831Z

53

ACTION TRSE-00

INFO OCT-01 EUR-25 IO-14 ISO-00 SS-20 NSC-07 EB-11 CIAE-00

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INFO USUN NEW YORK 1042

USMISSION EC BRUSSELS

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C O N F I D E N T I A L BRUSSELS 5759

E.O. 11652: GDS

TAGS: EFIN, BE

SUBJECT: DEVELOPMENT COUNCIL-BELGIAN REPLY TO SIMON LETTER

REF: STATE 155405

GIVEN BELOW IS THE REPLY OF BELGIAN FINANCE MINISTER WILLY DE CLERQ TO THE LETTER FROM SECRETARY SIMON TRANSMITTED BY REFTEL. COMMENTS BY SEPTTEL.

BEGIN TEXT:

DEAR MR. SIMON,

1. THANK YOU VERY MUCH FOR YOUR LETTER OF JULY 17 CONCERNING THE "DEVELOPMENT COUNCIL". I SHARE THE BROAD OBJECTIVES WHICH YOU DEVELOP, NAMELY TO ESTABLISH A FOCAL POINT WHERE EFFICIENT AND PROMPT CONSIDERATION CAN TAKE PLACE ON ISSUES RELATED TO THE TRANSFER OF REAL RESOURCES TO THE LESS DEVELOPED COUNTRIES. LAST JANUARY AT THE ROME MEETING OF THE GROUP OF TWENTY I HAD THE OCCASION TO SUPPORT THIS OBJECTIVE. I APPRECIATE THUS VERY MUCH YOUR INITIATIVE ON THIS MATTER.

2. LET ME NOW GIVE YOU MY FIRST TRACTION ON SOME
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 05759 301831Z

DETAILS OF YOUR PROPOSAL.

3. I AGREE WITH YOU ON THE CREATION OF A CONTINUING BODY HAVING A BROAD MANDATE CONCERNING ALL TYPES OF RESOURCE TRANSFERS. IT SHOULD GIVE URGENT ATTENTION TO THE PROBLEMS OF THE DEVELOPING COUNTRIES MOST SERIOUSLY HIT BY THE OIL CRISIS. THIS IS AN ISSUE WHICH HAS NOT BEEN SUFFICIENTLY CONSIDERED AFTER THE OIL CRISIS.

4. IT WOULD BE WISE TO HAVE THE FIRST MINISTERIAL MEETING DURING THE ANNUAL GATHERING OF THE IMF AND TO HAVE SHORTLY BEFORE A DEPUTIES MEETING.

5. AS FOR THE COMPOSITION OF THE GROUP THE MOST PRACTICAL WAY WOULD BE TO HAVE AT THE MINISTERIAL LEVEL A COMPOSITION SIMILAR TO THAT OF THE INTERIM COMMITTEE AND AT THE DEPUTIES LEVEL ONE IN LINE WITH THE FORMER DEPUTIES OF THE GROUP OF TWENTY.

6. I HAVE SOME HESITATION REGARDING YOUR PROPOSAL THAT THE NEW COMMITTEE SHOULD BE ESTABLISHED DIRECTLY BY THE GOVERNMENTS CONCERNED AND NOT WITHIN THE STRUCTURE OF THE BANK AND THE FUND. I UNDERSTAND YOUR REASONS FOR MAKING THIS SUGGESTION BUT IT IS MY IMPRESSION THAT IF THIS COUNCIL IS ESTABLISHED OUTSIDE THE BANK AND THE FUND FRAMEWORK IT MIGHT LOSE ITS CHARACTER OF BEING A NEW APPROACH COMING FROM THOSE RESPONSIBLE FOR FINANCIAL MATTERS. WITH OTHER WORDS IT MIGHT BECOME AN INSTITUTION VERY SIMILAR TO THOSE ALREADY EXISTING IN THE FRAMEWORK OF THE UN LIKE THE UNCTAD. I BELIEVE SUCH A DUPLICATION WOULD NOT BE USEFUL AND PAST EXPERIENCES ON THESE LINES HAVE NOT YIELDED ALL THE RESULTS ONE WOULD HAVE WISHED.

7. ALSO I WONDER WHETHER THIS NEW FORMULA COULD NOT BE INTERPRETED AS NOT BEING FULLY IN LINE WITH THE DECISION OF THE GROUP OF TWENTY IN WASHINGTON WHICH MENTIONED SPECIFICALLY "ESTABLISHMENT OF A JOINT MINISTERIAL COMMITTEE OF THE FUND AND WORLD BANK TO CARRY FORWARD THE STUDY OF THE BROAD QUESTION OF THE TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES AND TO RECOMMEND

CONFIDENTIAL

PAGE 03 BRUSSE 05759 301831Z

MEASURES."

8. I WONDER WHETHER AN ALTERNATIVE WAY WOULD NOT BE TO HAVE THIS COMMITTEE ESTABLISHED BY THE GOVERNORS OF THE BANK AND THE FUND, TO HAVE AS YOU SUGGEST A CHAIRMAN OF THE DEPUTIES AND A SECRETARIAT INDEPENDENT FROM THESE TWO ORGANIZATIONS, TO HAVE THEIR ADMINISTRATIVE SUPPORT, AND TO HAVE ALL OTHER INSTITUTIONS DEALING

WITH THESE ISSUES REPRESENTED AS OBSERVERS IN THIS GROUP.

9. I BELIEVE AS YOU DO THAT, IF WORK IS TO PROCEED
EFFICIENTLY ON THIS ISSUE, INFORMAL EXCHANGE OF VIEWS
SHOULD TAKE PLACE SOON. I THINK THE FIRST OCCASION
FOR SUCH AN EXCHANGE WILL BE THE MEETING IN WASHINGTON
ON AUGUST 12 AND 13 OF THE TECHNICAL GROUP ON THE
TRANSFER OF REAL RESOURCES OF THE GROUP OF TWENTY. I
HAVE ASKED MY ADVISER ON EXTERNAL FINANCIAL MATTERS,
MR. VAN YPERSELE, TO ATTEND THIS MEETING. IF YOU
AGREE I WOULD SUGGEST THAT NO INVITATION TO GOVERNMENTS
FOR A FORMAL MINISTERS MEETING BE ISSUED BEFORE THAT
MEETING IN AUGUST.

10. I WAS SORRY DOMESTIC POLITICAL PROBLEMS KEPT ME
HOME AT THE TIME OF THE LAST MINISTERIAL MEETING OF THE
GROUP OF TWENTY IN WASHINGTON SO THAT I DID NOT HAVE A
CHANCE YET TO MEET YOU PERSONALLY. I LOOK
FORWARD TO SEEING YOU IN WASHINGTON AT THE END OF
SEPTEMBER. SINCERELY YOURS,

WILLY DE CLERCQ,

MINISTER OF FINANCE

END OF TEXT. FIRESTONE

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